

Buy	(old: Buy)
PT EUR 48.00	(old: 48.00)

Price	EUR 40.00
Bloomberg	5AB GR
Reuters	5ABG
Sector	Agriculture

Asian Bamboo is China's largest bamboo producer. The only integrated company in this young market leases plantations from small farming cooperatives.



Market cap:	EUR 617 m
Enterprise Value (EV):	EUR 580 m
Book value:	EUR 293 m
No. of shares:	15.4 m
Trading volume Ø:	EUR 1.9 m

Shareholders:	
Freefloat	62.3 %
Green Resources Enterprise Holding	37.7 %

Calendar:	
Figures Q3	11/12/10
Roadshow Frankfurt	11/22/10
Roadshow Frankfurt	11/23/10
Roadshow Geneva	11/24/10

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	87.5	0	125	0	174	0
EBIT	57.8	0.0	74.4	0	86.7	0
EPS	3.71	0	4.83	0	5.71	0

Analysis:	SES Research
Date of publication:	20.09.2010
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New plantation areas improve visibility

Asian Bamboo has leased additional 6,950 ha plantation areas in its core region. The total contracted plantation area increases to 47,811 ha of which 30,050 ha are mature and already generating revenues at the moment. This transaction has taken Asian Bamboo a **big step further towards the mid term target of 70,000 ha by Q1 2013**.

The payment terms are comparable with the recent transactions. Asian Bamboo makes an upfront payment of 53,919 RMB (EUR 6,253) per ha and receives the harvesting rights for the next 20 years. **The price is by and large unchanged in local currency** which is clearly positive given the ongoing price increases for the output, especially due to food inflation in China.

The new plantations are expected to generate output beginning in Q2 2011. The SES model assumes an average plantation area of ca. 44,000 ha contributing to sales in 2011. Therefore, **this transaction secures the anticipated 2011 sales growth of 43% yoy** already today assuming that Asian Bamboo will be able to maintain the current level of sales per ha. Net income (adjusted for gains from the revaluation of biological assets and related deferred tax) is expected to increase by and large proportionate to sales.

Given this high degree of visibility on such dynamic growth, the current valuation (PER 2011e 10.5) is undemanding. Especially the **development of the operating cash flow is compelling** with a 10-fold increase between 2005 and 2009 to EUR 35m. In 2010 a further leap to EUR 48m is expected (H1 already 24m) and a further improvement to EUR 70m is anticipated for 2011. This means that Asian Bamboo can internally finance a plantation growth of ca. 20-25% p.a. A much faster growth pace until 2013 (**Sales CAGR 09-13e: 38%**) is the only reason for a temporarily negative free cash flow and has been sufficiently financed by the latest capital increase.

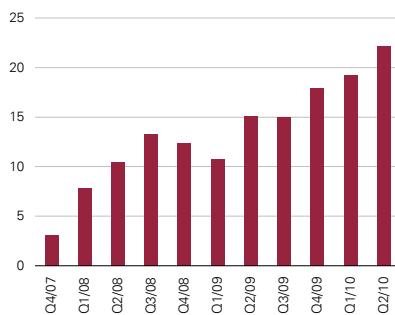
Heavy rainstorms in June and July should have burdened the business development in Q3. However, the plantation growth, rising prices and positive currency effects should still allow for considerable growth rates, however clearly below the 61% growth in H1. Following the Q3 figures Asian Bamboo will be on an international roadshow covering all relevant markets.

Buy rating is reiterated backed by the increased visibility on mid-term growth. The **price target of EUR 48** remains unchanged for the time being.

Fiscal year ending: 31.12. in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	10.9	14.7	43.8	58.6	87.5	125	174
<i>Change Sales yoy</i>	68.3 %	35.5 %	197.2 %	33.7 %	49.2 %	42.8 %	39.0 %
Gross balance	4.9	7.5	20.8	28.3	40.0	57.7	80.4
<i>Gross margin</i>	45.0 %	51.0 %	47.4 %	48.3 %	45.7 %	46.2 %	46.3 %
EBIT	11.2	17.5	31.0	26.1	57.8	74.4	86.7
<i>EBIT-margin</i>	102.8 %	118.5 %	70.8 %	44.5 %	66.1 %	59.6 %	49.9 %
EBIT adjusted	4.2	7.0	17.4	22.1	33.5	51.1	71.5
<i>EBIT-margin (adjusted)</i>	38.6 %	47.7 %	39.6 %	37.7 %	38.3 %	40.7 %	41.2 %
Net income	9.9	15.6	27.3	30.8	57.2	74.5	88.2
Net income (adjusted)	3.9	6.8	20.5	27.2	39.0	57.1	76.8
EPS	1.24	1.22	2.13	2.20	3.71	4.83	5.71
EPS (adjusted)	0.49	0.53	1.61	1.94	2.53	3.70	4.98
Free Cash Flow per share	-0.17	-0.20	-3.17	-1.25	-1.75	-0.78	-0.23
Dividend	0.00	0.00	0.20	0.30	0.35	0.40	0.50
<i>Dividend Yield</i>	n.a.	n.a.	0.5 %	0.8 %	0.9 %	1.0 %	1.3 %
EV/Sales	54.0	39.9	13.4	10.0	6.6	4.8	3.5
EV/EBITDA	51.7	33.3	15.5	16.5	7.9	6.3	5.5
EV/EBIT	52.5	33.6	18.9	22.5	10.0	8.0	7.0
PER	32.3	32.8	18.8	18.2	10.8	8.3	7.0
ROCE	43.9 %	23.8 %	22.8 %	14.6 %	22.8 %	22.3 %	21.5 %
Adj. Free Cash Flow Yield	0.7 %	1.1 %	3.2 %	4.8 %	7.6 %	10.4 %	13.6 %

Sales development

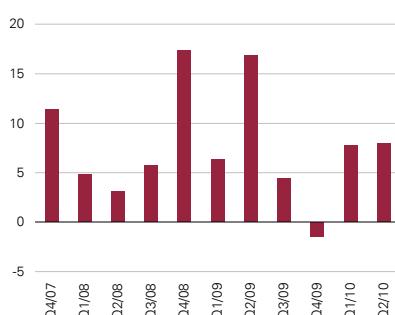
in EUR m



Source: Asian Bamboo

EBIT development

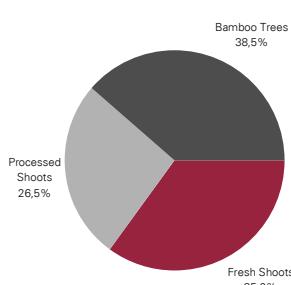
in EUR m



Source: Asian Bamboo

Sales by segments

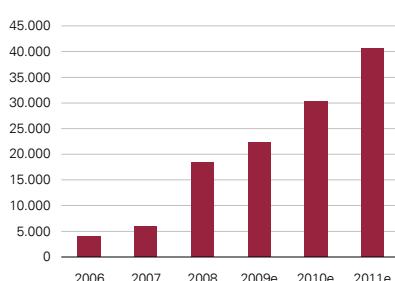
2009



Source: Asian Bamboo

Plantation Size

in ha



Source: Asian Bamboo

Company background

Asian Bamboo cultivates and distributes bamboo shoots and trees in the Fujian Province, which is the province in China with the highest concentration of Moso bamboo.

Bamboo grows naturally in forests in the fertile regions of Southeast China. The output is optimised by removing other plants and harvesting a sustainable product mix between shoots and trees. Bamboo forests are growing rapidly. The bamboo trees grow 20 meters in three months, but it is normally harvested in the second or third year after the wood quality has improved.

Asian Bamboo leases the plantations from a cooperative of farmers, which hold the harvesting rights. All land in China is owned by the state. Lease contracts are usually closed for 20 years. Asian Bamboo generally pays the fee of approx. EUR 5,500 per ha upfront and offers the farmers to work as free contractors on the plantations.

In 2008, the company generated sales of EUR 44 m and an EBIT of EUR 19 m. The export market in 2008 accounted for ca. 14% of the overall revenues. Due to the high growth of the domestic market the export markets are falling in relative importance.

Competitive quality

Being the only integrated company in this highly fragmented market, Asian Bamboo actively advances the young and quickly growing bamboo industry. The strongly growing demand results from

- ...the disproportionate GDP growth in China (OECD estimate: 2009 7.5%; 2010 8.5%).
- ...the scarcity of wood which can be substituted by bamboo for multiple applications (flooring, pulp, paper, and furniture) which is supported by the Chinese government,...
- ...rising income throughout China which is stimulating the demand for organic food (bamboo shoots) and wood substitute products.

A lean company structure with low fixed costs enables a net earnings margin of 48% and a ROCE of 20%. The dynamic market growth looks set to keep the degree of competition on a moderate level in the medium term. The following barriers to market entry have a supporting effect:

- Funding of investments in bamboo plantations proves to be difficult even for a successful company like Asian Bamboo. Therefore, the self financing capability is decisive for the growth.
- At the same time, it is an extremely long process to achieve a critical size. In the fragmented market it took Asian Bamboo ten years to achieve the current size and the access to further land.
- The access to the land is not possible without a broad network in the agricultural environment and a good reputation at the local decision makers.
- Only the vertical integration enables the development of further sales markets in the region and an efficient quality control.

Consolidated Profit & Loss Asian Bamboo

in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	10.9	14.7	43.8	58.6	87.5	125	174
Cost of sales	6.0	7.2	23.1	30.3	47.5	67.2	93.2
Gross balance	4.9	7.5	20.8	28.3	40.0	57.7	80.4
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.4	0.1	0.2	0.5	1.3	1.6	2.3
General and administration	0.4	0.2	1.3	4.0	3.9	3.3	4.0
Other operating income/expenses	0.1	-0.1	-1.8	-1.7	-1.2	-1.9	-2.6
Unfrequent items	7.0	10.4	13.7	4.0	24.3	23.5	15.1
EBITDA	11.4	17.6	37.9	35.6	73.0	94.1	111
Depreciation of fixed assets	0.2	0.2	0.2	0.2	0.2	0.3	0.3
EBITA	11.2	17.5	37.7	35.4	72.8	93.8	111
Amortisation of intangible fixed assets	0.0	0.0	6.7	9.3	15.0	19.4	24.1
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	11.2	17.5	31.0	26.1	57.8	74.4	86.7
Interest income	0.0	0.3	4.2	6.9	6.9	7.4	7.1
Interest expenses	0.3	0.5	0.6	1.8	1.2	1.0	1.0
Financial result	-0.3	-0.2	3.6	5.1	6.4	7.3	6.9
Recurring pretax income from cont. operations	10.9	17.2	34.7	31.2	64.2	81.7	93.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	10.9	17.2	34.7	31.2	64.2	81.7	93.5
Taxes total	1.0	1.6	7.4	0.4	6.9	6.9	5.0
Net income from continuing operations	9.9	15.6	27.3	30.8	57.3	74.8	88.6
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	9.9	15.6	27.3	30.8	57.3	74.8	88.6
Minority interest	0.0	0.0	0.0	0.0	0.2	0.3	0.4
Net income	9.9	15.6	27.3	30.8	57.2	74.5	88.2

Sources: Asian Bamboo (historical data), SES Research (forecasts)

Consolidated Profit & Loss Asian Bamboo

in % of Sales	2006	2007	2008	2009	2010E	2011E	2012E
Sales	100.0 %						
Cost of sales	55.0 %	49.0 %	52.7 %	51.7 %	54.3 %	53.8 %	53.7 %
Gross balance	45.0 %	51.0 %	47.4 %	48.3 %	45.7 %	46.2 %	46.3 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales and marketing	3.6 %	1.0 %	0.6 %	0.8 %	1.5 %	1.3 %	1.3 %
General and administration	3.7 %	1.5 %	3.0 %	6.8 %	4.5 %	2.7 %	2.3 %
Other operating income/expenses	0.9 %	-0.9 %	-4.1 %	-3.0 %	-1.4 %	-1.5 %	-1.5 %
Unfrequent items	64.2 %	70.8 %	31.2 %	6.8 %	27.7 %	18.9 %	8.7 %
EBITDA	104.4 %	119.6 %	86.5 %	60.8 %	83.5 %	75.4 %	64.0 %
Depreciation of fixed assets	1.5 %	1.1 %	0.5 %	0.4 %	0.2 %	0.2 %	0.2 %
EBITA	102.9 %	118.5 %	86.1 %	60.4 %	83.3 %	75.2 %	63.8 %
Amortisation of intangible fixed assets	0.1 %	0.0 %	15.3 %	15.9 %	17.2 %	15.6 %	13.9 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	102.8 %	118.5 %	70.8 %	44.5 %	66.1 %	59.6 %	49.9 %
Interest income	0.3 %	1.8 %	9.7 %	11.8 %	7.9 %	6.0 %	4.1 %
Interest expenses	2.8 %	3.4 %	1.4 %	3.1 %	1.4 %	0.8 %	0.6 %
Financial result	-2.6 %	-1.6 %	8.3 %	8.7 %	7.3 %	5.8 %	4.0 %
Recurring pretax income from cont. operations	100.2 %	116.9 %	79.1 %	53.2 %	73.4 %	65.4 %	53.9 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	100.2 %	116.9 %	79.1 %	53.2 %	73.4 %	65.4 %	53.9 %
Taxes total	9.2 %	11.0 %	16.8 %	0.6 %	7.9 %	5.5 %	2.9 %
Net income from continuing operations	91.0 %	106.0 %	62.3 %	52.6 %	65.5 %	59.9 %	51.0 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	91.0 %	106.0 %	62.3 %	52.6 %	65.5 %	59.9 %	51.0 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.2 %	0.2 %	0.2 %
Net income	91.0 %	106.0 %	62.3 %	52.6 %	65.4 %	59.7 %	50.8 %

Sources: Asian Bamboo (historical data), SES Research (forecasts)

Balance sheet Asian Bamboo

in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	36.2	49.8	117	178	263	349	437
thereof other intangible assets	36.2	49.8	117	178	263	349	437
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	2.0	2.1	3.0	3.5	6.3	7.0	7.7
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	38.2	51.8	120	182	269	356	445
Inventories	0.5	0.4	0.6	1.7	1.9	2.4	3.2
Accounts receivable	0.6	0.5	0.6	1.8	2.9	4.1	5.7
Other Assets	1.7	6.2	24.3	7.6	7.6	7.6	7.6
Liquid assets	0.6	68.6	25.5	29.1	47.5	28.1	16.6
Current assets	3.4	75.7	51.0	40.3	59.9	42.2	33.1
Total assets	41.6	128	171	222	329	398	478
Liabilities and shareholders' equity							
Subscribed capital	8.0	12.8	12.8	14.0	15.4	15.4	15.4
Additional paid-in capital	0.0	69.1	68.4	91.6	132	132	132
Surplus capital	0.6	1.3	3.5	5.4	58.4	128	210
Other equity components	21.1	34.2	70.6	90.1	87.1	81.6	76.5
Book value	29.7	117	155	201	293	357	434
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	29.7	117	155	201	293	357	434
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	1.8	0.0	0.0	0.0
Financial liabilities	0.0	0.0	0.0	0.0	10.0	8.0	6.0
Accounts payable	0.2	0.1	0.1	1.8	2.6	3.8	5.2
Other liabilities	11.7	10.2	15.2	17.3	23.4	29.3	33.1
Liabilities	11.9	10.2	15.4	21.0	36.0	41.1	44.3
Total liabilities and shareholders' equity	41.6	128	171	222	329	398	478

Sources: Asian Bamboo (historical data), SES Research (forecasts)

Balance sheet Asian Bamboo

in % of Balance Sheet Total	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	87.0 %	39.0 %	68.4 %	80.3 %	79.9 %	87.6 %	91.5 %
thereof other intangible assets	87.0 %	39.0 %	68.4 %	80.3 %	79.9 %	87.6 %	91.5 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	4.8 %	1.6 %	1.8 %	1.6 %	1.9 %	1.8 %	1.6 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	91.8 %	40.7 %	70.1 %	81.8 %	81.8 %	89.4 %	93.1 %
Inventories	1.2 %	0.3 %	0.4 %	0.8 %	0.6 %	0.6 %	0.7 %
Accounts receivable	1.4 %	0.4 %	0.3 %	0.8 %	0.9 %	1.0 %	1.2 %
Other Assets	4.2 %	4.9 %	14.2 %	3.4 %	2.3 %	1.9 %	1.6 %
Liquid assets	1.4 %	53.8 %	14.9 %	13.1 %	14.4 %	7.1 %	3.5 %
Current assets	8.1 %	59.4 %	29.9 %	18.2 %	18.2 %	10.6 %	6.9 %
Total assets	100.0 %						
Liabilities and shareholders' equity							
Subscribed capital	19.2 %	10.0 %	7.5 %	6.3 %	4.7 %	3.9 %	3.2 %
Additional paid-in capital	0.0 %	54.2 %	40.1 %	41.3 %	40.2 %	33.2 %	27.7 %
Surplus capital	1.5 %	1.0 %	2.0 %	2.4 %	17.7 %	32.1 %	43.8 %
Other equity components	50.7 %	26.8 %	41.4 %	40.6 %	26.5 %	20.5 %	16.0 %
Book value	71.3 %	92.0 %	91.0 %	90.6 %	89.1 %	89.7 %	90.7 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	71.3 %	92.0 %	91.0 %	90.6 %	89.1 %	89.7 %	90.7 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	0.0 %	0.0 %	0.0 %	0.8 %	0.0 %	0.0 %	0.0 %
Financial liabilities	0.0 %	0.0 %	0.0 %	0.0 %	3.0 %	2.0 %	1.3 %
Accounts payable	0.5 %	0.0 %	0.1 %	0.8 %	0.8 %	1.0 %	1.1 %
Other liabilities	28.1 %	8.0 %	8.9 %	7.8 %	7.1 %	7.4 %	6.9 %
Liabilities	28.6 %	8.0 %	9.0 %	9.4 %	10.9 %	10.3 %	9.3 %
Total liabilities and shareholders' equity	100.0 %						

Sources: Asian Bamboo (historical data), SES Research (forecasts)

Statement of Cash Flows Asian Bamboo

in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Net income	9.9	15.6	27.3	30.8	57.3	74.8	88.6
Depreciation of fixed assets	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	6.7	9.3	15.0	19.4	24.1
Increase/decrease in long-term provisions	3.1	-0.8	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	-5.7	-8.8	-10.9	-7.9	-23.7	-23.6	-17.0
Cash Flow	7.4	6.1	23.3	32.5	48.8	70.9	96.0
Increase / decrease in inventory	-0.3	0.1	-0.2	-1.1	-0.2	-0.5	-0.8
Increase / decrease in accounts receivable	-0.3	0.1	-0.1	-1.3	-1.1	-1.2	-1.6
Increase / decrease in accounts payable	0.2	-0.1	0.1	1.6	0.8	1.2	1.4
Increase / decrease in other working capital positions	-3.4	-3.2	-2.9	3.2	0.0	0.0	0.0
Increase / decrease in working capital	-3.8	-3.2	-3.1	2.5	-0.4	-0.5	-1.0
Cash flow from operating activities	3.6	2.9	20.2	35.0	48.4	70.4	95.0
CAPEX	-5.0	-5.6	-60.8	-52.5	-75.4	-82.5	-98.6
Payments for acquisitions	0.0	0.0	0.0	0.0	-3.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Cash flow from investing activities	-5.0	-5.6	-60.8	-52.1	-78.4	-82.5	-98.6
Change in financial liabilities	0.0	-2.8	0.0	0.0	10.0	-2.0	-2.0
Dividends paid	0.0	0.0	0.0	-2.5	-4.2	-5.4	-6.2
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.3	73.1	-0.6	24.5	42.0	0.0	0.0
Others	0.0	0.0	0.0	-2.3	0.5	0.2	0.2
Cash flow from financing activities	0.3	70.3	-0.6	19.7	48.3	-7.2	-8.0
Change in liquid funds	-1.1	67.7	-41.2	2.5	18.3	-19.3	-11.6
Effects of exchange rate changes on cash	0.3	0.4	-1.8	0.4	0.0	0.0	0.0
Liquid assets at end of period	0.6	68.6	25.5	28.4	47.5	28.1	16.6

Sources: Asian Bamboo (historical data), SES Research (forecasts)

Financial Ratios Asian Bamboo

	2006	2007	2008	2009	2010E	2011E	2012E
Operational Efficiency							
Total Operating Costs / Sales	6.4 %	3.3 %	7.7 %	10.6 %	7.4 %	5.5 %	5.1 %
Sales per Employee	40,474	50,164	60,540	64,775	74,333	88,430	102,457
EBITDA per Employee	42,239	60,014	52,383	39,356	62,059	66,686	65,567
EBIT-margin	102.8 %	118.5 %	70.8 %	44.5 %	66.1 %	59.6 %	49.9 %
EBITDA / Operating Assets	394.0 %	600.2 %	931.1 %	670.5 %	862.3 %	973.2 %	971.7 %
ROA	25.9 %	30.1 %	22.8 %	17.0 %	21.2 %	21.0 %	19.8 %
Efficiency of Capital Employment							
Plant Turnover	5.4	7.1	14.6	16.7	14.0	17.9	22.4
Operating Assets Turnover	3.8	5.0	10.8	11.0	10.3	12.9	15.2
Capital Employed Turnover	0.4	0.1	0.3	0.3	0.3	0.3	0.4
Return on Capital							
ROCE	43.9 %	23.8 %	22.8 %	14.6 %	22.8 %	22.3 %	21.5 %
EBITDA / Avg. Capital Employed	44.5 %	24.0 %	27.8 %	19.9 %	28.9 %	28.2 %	27.6 %
ROE	33.4 %	13.3 %	17.6 %	15.3 %	19.5 %	20.9 %	20.3 %
Net Profit / Avg. Equity	38.8 %	21.3 %	20.0 %	17.3 %	23.1 %	22.9 %	22.3 %
Recurring Net Profit / Avg. Equity	38.8 %	21.3 %	20.0 %	17.3 %	23.2 %	23.0 %	22.4 %
ROIC	29.3 %	12.7 %	16.1 %	14.2 %	19.6 %	20.6 %	19.6 %
Solvency							
Net Debt	-0.6	-68.6	-25.5	-29.1	-37.5	-20.1	-10.6
Net Gearing	-1.9 %	-58.4 %	-16.4 %	-14.5 %	-12.8 %	-5.6 %	-2.4 %
Book Value of Equity / Book Value of Debt	n.a.	n.a.	n.a.	n.a.	2930.7 %	4458.9 %	7226.6 %
Current ratio	0.3	7.4	3.3	2.1	2.3	1.3	0.9
Acid Test Ratio	0.2	7.4	3.3	1.8	2.2	1.2	0.8
EBITDA / Interest Paid	36.8	35.3	64.2	19.4	60.8	94.1	111.1
Interest Cover	39.8	74.8	n.a.	n.a.	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	-1.4	-2.6	-40.6	-17.6	-27.0	-12.1	-3.6
Free Cash Flow / Sales	-12.5 %	-17.7 %	-92.7 %	-29.9 %	-30.9 %	-9.7 %	-2.1 %
Adj. Free Cash Flow	4.4	6.7	18.8	28.2	43.8	61.9	82.8
Adj. Free Cash Flow / Sales	100.3 %	112.9 %	71.6 %	45.8 %	71.7 %	64.3 %	53.4 %
Free Cash Flow / Net Profit	-13.7 %	-16.7 %	-148.9 %	-56.9 %	-47.2 %	-16.2 %	-4.1 %
Interest Received / Avg. Cash	2.9 %	0.8 %	9.0 %	25.4 %	18.0 %	19.7 %	31.6 %
Interest Paid / Avg. Debt	n.a.	n.a.	n.a.	n.a.	12.0 %	11.1 %	14.3 %
Dividend Payout Ratio	0.0 %	0.0 %	9.4 %	13.7 %	9.4 %	8.3 %	8.7 %
Fund Management							
Investment ratio	46.0 %	37.7 %	138.8 %	89.6 %	86.2 %	66.1 %	56.8 %
Maint. Capex / Sales	1.5 %	3.4 %	12.5 %	11.8 %	9.5 %	9.6 %	9.4 %
Capex / Dep	2965.3 %	3354.0 %	883.0 %	551.1 %	495.3 %	418.0 %	403.6 %
Avg. Working Capital / Sales	6.4 %	5.9 %	2.2 %	2.5 %	2.3 %	2.0 %	1.8 %
Trade Creditors / Trade Debtors	285.8 %	939.3 %	407.0 %	103.5 %	111.5 %	107.9 %	109.6 %
Inventory turnover (days)	16.9	9.8	5.3	10.8	8.1	7.0	6.6
Receivables collection period (DSOs)	19.6	13.0	4.8	11.5	12.0	12.0	12.0
Payables collection period (days)	6.8	1.4	1.2	11.1	11.0	11.0	11.0
Cash conversion cycle (days)	29.6	21.4	8.9	11.2	9.1	8.0	7.6
Valuation							
Dividend Yield	n.a.	n.a.	0.5 %	0.8 %	0.9 %	1.0 %	1.3 %
P/B	20.8	5.3	4.0	3.1	2.1	1.7	1.4
EV/sales	54.0	39.9	13.4	10.0	6.6	4.8	3.5
EV/EBITDA	51.7	33.3	15.5	16.5	7.9	6.3	5.5
EV/EBIT	52.5	33.6	18.9	22.5	10.0	8.0	7.0
EV/FCF	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/E	32.3	32.8	18.8	18.2	10.8	8.3	7.0
P/CF	82.9	100.7	26.5	19.0	12.6	8.7	6.4
Adj. Free Cash Flow Yield	1.3 %	1.0 %	4.0 %	5.5 %	8.4 %	11.9 %	15.8 %

Sources: Asian Bamboo (historical data), SES Research (forecasts)

Free Cash Flow Yield - Asian Bamboo

Figures in EUR m	2006	2007	2008	2009	2010e	2011e	2012e
Net Income	9.9	15.6	27.3	30.8	57.2	74.5	88.2
+ Depreciation + Amortisation	0.2	0.2	6.9	9.5	15.2	19.7	24.4
- Net Interest Income	-0.3	-0.2	3.6	5.1	6.4	7.3	6.9
+ Taxes	1.0	1.6	7.4	0.4	6.9	6.9	5.0
- Maintenance Capex	0.0	0.5	5.5	6.9	8.3	11.9	16.3
+ Others	-7.0	-10.4	-13.7	-0.5	-20.8	-20.0	-11.6
= Adjusted Free Cash Flow	4.4	6.7	18.8	28.2	43.8	61.9	82.8
Adjusted Free Cash Flow Yield	0.7%	1.1%	3.2%	4.8%	7.6%	10.4%	13.6%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	587.9	587.9	587.9	587.9	579.5	596.9	606.4
= Fair Enterprise Value	43.7	67.0	188.1	282.4	438.1	619.2	827.7
- Net Debt (Cash)	-29.1	-29.1	-29.1	-29.1	-37.5	-20.1	-10.6
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	72.8	96.2	217.2	311.5	475.5	639.4	838.3
No. of shares (m)	15.4	15.4	15.4	15.4	15.4	15.4	15.4
= Fair value per share (EUR)	4.72	6.23	14.08	20.19	30.83	41.45	54.35
premium (-) / discount (+) in %	-88.2%	-84.4%	-64.8%	-49.5%	-22.9%	3.6%	35.9%
Sensitivity Fair value per Share (EUR)							
Hurdle rate	13.0%	4.07	5.23	11.27	15.97	24.28	32.19
	12.0%	4.25	5.51	12.05	17.14	26.10	34.76
	11.0%	4.46	5.84	12.97	18.53	28.25	37.80
	10.0%	4.72	6.23	14.08	20.19	30.83	41.45
	9.0%	5.04	6.72	15.44	22.23	33.99	45.91
	8.0%	5.43	7.32	17.13	24.77	37.93	51.49
	7.0%	5.94	8.10	19.31	28.04	43.00	58.66
							77.34

Sources: Asian Bamboo (historical data), SES Research (estimates)

DCF Model - Asian Bamboo

Figures in EUR m	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e
Sales	87.5	124.8	173.6	213.0	244.7	276.1	309.2	346.3	387.9	426.7	460.8	483.9	508.1	533.5
Change	49.2%	42.8%	39.0%	22.7%	14.9%	12.8%	12.0%	12.0%	12.0%	10.0%	8.0%	5.0%	5.0%	5.0%
EBIT	33.5	50.9	71.5	87.3	97.9	107.7	117.5	121.2	116.4	128.0	115.2	121.0	127.0	133.4
EBIT-Margin	38.3%	40.7%	41.2%	41.0%	40.0%	39.0%	38.0%	35.0%	30.0%	30.0%	25.0%	25.0%	25.0%	25.0%
Tax rate	1.2%	1.2%	1.6%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%	10.0%	10.0%
NOPAT	33.1	50.2	70.4	85.6	95.0	103.4	111.6	113.9	108.2	117.8	104.8	108.9	114.3	120.0
Depreciation in % of Sales	15.2	19.7	24.4	26.3	28.5	30.1	37.1	41.6	46.5	51.2	55.3	58.1	50.8	53.3
17.4%	15.8%	14.1%	12.4%	11.6%	10.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	10.0%	10.0%
Change in Liquidity from														
- Working Capital	-0.4	-0.5	-1.0	-0.8	-0.7	-0.7	-0.7	-0.8	-0.9	-0.8	-0.7	-0.5	-0.5	-0.5
- Capex	-75.4	-82.5	-98.6	-60.5	-62.4	-56.4	-61.8	-69.3	-65.9	-64.0	-55.3	-48.4	-50.8	-53.3
Capex in % of Sales	86.2%	66.1%	56.8%	28.4%	25.5%	20.4%	20.0%	20.0%	17.0%	15.0%	12.0%	10.0%	10.0%	10.0%
Other	-0.2	-0.3	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.7	-0.7
Free Cash Flow (WACC-Model)	-27.6	-13.3	-5.2	50.1	59.9	75.9	85.7	84.9	87.4	103.6	103.5	117.4	113.1	118.8

Model parameter

Debt ratio	0.00%	Beta	1.40
Costs of Debt	n.a.	WACC	11.00%
Market return	9.00%		
Risk free rate	4.00%	Terminal Growth	3.00%

Valuation (mln)

Present values 2023e	359.9
Terminal Value	363.0
Liabilities	-10.2
Liquidity	29.1
Equity Value	741.8
No. of shares (mln)	15.43
Value per share (EUR)	48.09

Sensitivity Value per Share (EUR)

Terminal Growth

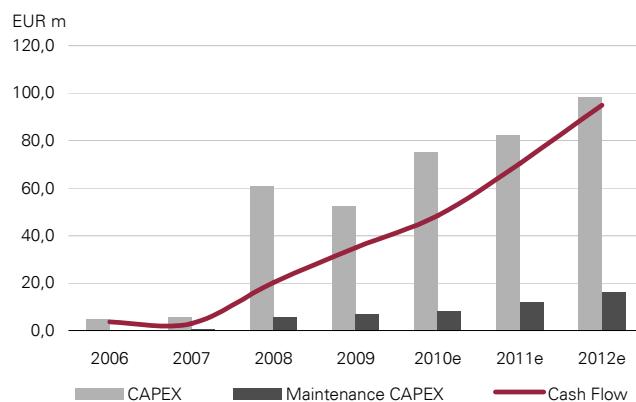
WACC	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%
12.00%	39.84	40.29	40.77	41.27	41.80	42.36	42.95
11.50%	42.78	43.31	43.88	44.47	45.10	45.77	46.49
11.25%	44.38	44.96	45.57	46.23	46.92	47.65	48.44
11.00%	46.08	46.71	47.38	48.09	48.85	49.66	50.53
10.75%	47.88	48.57	49.31	50.09	50.92	51.81	52.77
10.50%	49.79	50.55	51.36	52.22	53.14	54.13	55.18
10.00%	54.02	54.93	55.91	56.96	58.08	59.30	60.60

Delta EBIT margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
12.00%	38.44	39.38	40.33	41.27	42.21	43.15	44.09
11.50%	41.45	42.46	43.46	44.47	45.48	46.49	47.49
11.25%	43.10	44.14	45.18	46.23	47.27	48.31	49.35
11.00%	44.85	45.93	47.01	48.09	49.17	50.25	51.34
10.75%	46.73	47.85	48.97	50.09	51.21	52.33	53.45
10.50%	48.73	49.89	51.06	52.22	53.38	54.55	55.71
10.00%	53.18	54.44	55.70	56.96	58.22	59.48	60.74

Source: SES Research

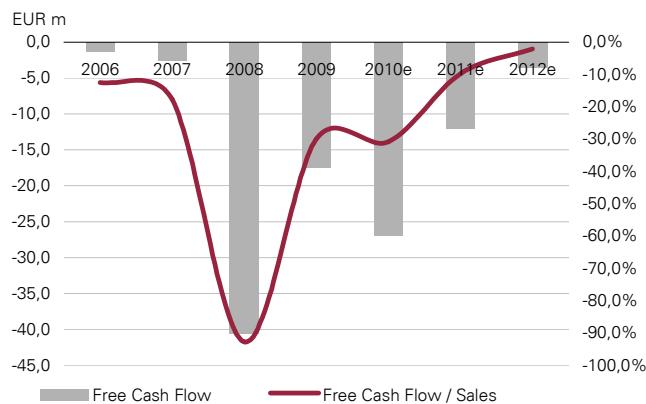
CAPEX and Cash Flow - Asian Bamboo



Sources: Asian Bamboo (historical data), SES Research (forecasts)

- High investments from IPO revenues in 2008 and 2009
- High operating cash flow allows for additional expansion investments
- Maintenance Capex are growing proportionally to plantation area

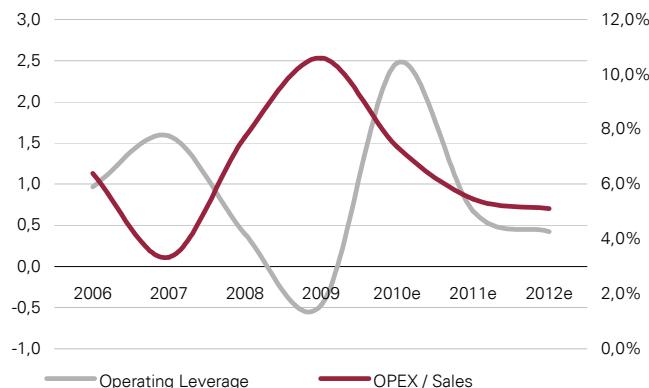
Free Cash Flow Generation - Asian Bamboo



Sources: Asian Bamboo (historical data), SES Research (forecasts)

- Negative FCF in 2008 to 2010 due to considerable investments for expansion

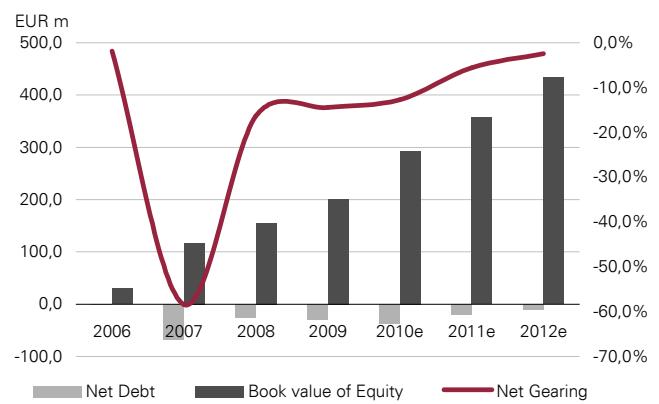
Operating Leverage - Asian Bamboo



Sources: Asian Bamboo (historical data), SES Research (forecasts)

- Strong deviations in the OL are the result of profits from the revaluation of biological assets
- Adjusted OL should be around 1.1

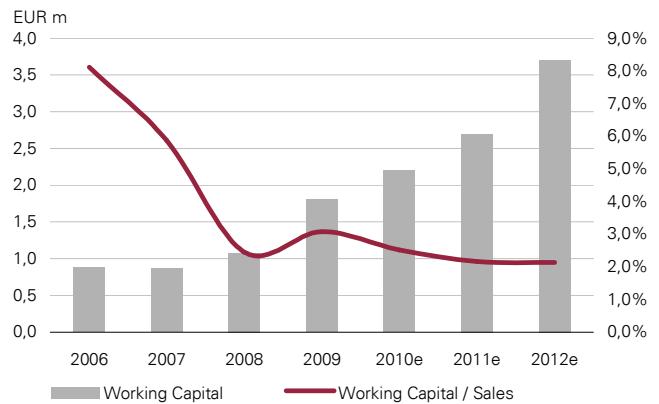
Balance Sheet Quality - Asian Bamboo



Sources: Asian Bamboo (historical data), SES Research (forecasts)

- Solid balance sheet ratios
- No net financial debt
- Equity is growing rapidly due to high profitability

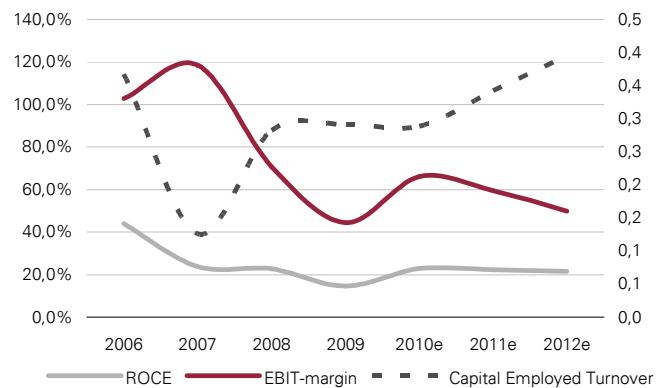
Working Capital - Asian Bamboo



Sources: Asian Bamboo (historical data), SES Research (forecasts)

- No noteworthy Working Capital
- Major part of the business is cash business

ROCE Development - Asian Bamboo



Sources: Asian Bamboo (historical data), SES Research (forecasts)

- High ROCE of 20% should be sustainable

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Rating suspended	12	6%
Total	189	

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Sell	3	2%
Rating suspended	3	2%
Total	126	



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